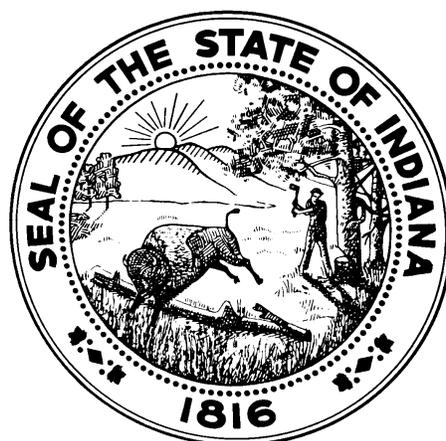


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF MOORESVILLE
MORGAN COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
11/06/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra Perry	01-01-08 to 12-31-11
President of the Town Council	Mark Harris	01-01-08 to 12-31-09
Judge	Susan Leib	01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MOORESVILLE, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Mooresville (Town), for the period of January 1, 2008 to December 31, 2008. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 1, 2009

TOWN OF MOORESVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, INTERNAL SERVICE, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2008

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 1,165,994	\$ 4,209,338	\$ 4,300,165	\$ 1,075,167
Motor Vehicle Highway	272,890	478,541	633,111	118,320
Local Road and Street	405,209	86,407	160,000	331,616
Park and Recreation	92,799	941,531	931,586	102,744
Rainy Day	121,298	232,685	29,267	324,716
Redevelopment Allocation TIF 1	1,917,580	1,018,350	1,248,396	1,687,534
Food and Beverage	1,131,066	352,495	148,004	1,335,557
Cemetery	9,523	7,865	11,209	6,179
Law Enforcement Continuing Education	55,002	10,662	5,037	60,627
Economic Development Income Tax	345,055	369,105	341,170	372,990
Non-Reverting Building	95,994	45,204	27,024	114,174
Bids, Specs and Plans	880	-	-	880
Donation - Fire	4,520	2,000	420	6,100
Park Non-Reverting Operating	153,970	60,481	42,572	171,879
Park Donation	26,047	10,377	3,429	32,995
Mooreville Court Fax	-	65	-	65
Christmas Decoration	61	-	-	61
GPD Drug Fund	14,098	17,105	4,346	26,857
Build Indiana Funds	36,203	-	-	36,203
Criminal Justice Reimbursement	2,925	-	-	2,925
Website Donation	1,366	-	-	1,366
Police Special Donation	12,876	4,826	1,464	16,238
Technology Grant	757	-	-	757
Police Grant - Cops Fast	9,281	-	-	9,281
Town Improvement Donation	12,090	-	-	12,090
Unsafe Building	17,000	3,500	-	20,500
Non-Reverting Stormwater/Soil Erosion Fees	9,304	7,863	4,663	12,504
Redevelopment Investment Interest	206,513	64,416	-	270,929
Redevelopment District TIF Area 2	971,463	485,539	561,350	895,652
Redevelopment 1997 Bond Reserve	25,197	-	-	25,197
Tax Increment Financing 2 Expanded	61,141	30,582	-	91,723
Cumulative Capital Improvement	20,726	30,156	22,899	27,983
Park Non-Reverting Capital	716,482	142,577	-	859,059
Cumulative Capital Development	178,611	138,339	111,676	205,274
Economic Development Use	16,713	-	-	16,713
Petty Cash/Cash Change	400	-	-	400
Park Petty Cash	300	-	-	300
Riverboat	142,409	58,170	10,000	190,579
Methodist Church Improvement Donation	28,378	-	10,200	18,178
Burglar Alarm Permits	1,775	2,550	-	4,325
Fire Station Construction	-	1,650,000	697,434	952,566
Park Grant	-	74,000	74,000	-
Public Safety Local Option Income Tax	-	569,845	-	569,845
Internal Service Fund:				
Health Self Insurance	272,311	856,784	886,997	242,098
Proprietary Funds:				
Wastewater Utility - Operating	1,153,626	1,587,953	1,652,546	1,089,033
Wastewater Utility - Bond and Interest	39,675	-	-	39,675
Wastewater Utility - Improvement	1,062,337	508,900	158,404	1,412,833
Wastewater Utility - Development Availability	296	40,425	35,000	5,721
Wastewater Utility - Availability	251,283	13,475	-	264,758
Stormwater	23,833	67,546	-	91,379
Fiduciary Funds:				
County Court Fund	-	70,471	70,471	-
Town Court	61,203	969,584	954,993	75,794
Police Continuing Education	25,074	148,476	147,403	26,147
Payroll	20,798	3,585,490	3,592,992	13,296
Cemetery Permanent Maintenance	550	125	-	675
Court Fines in Trust	5,300	-	-	5,300
Park Levy Excess	976	-	-	976
Totals	\$ 11,201,158	\$ 18,953,803	\$ 16,878,228	\$ 13,276,733

The accompanying notes are an integral part of the financial information.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, wastewater collection and treatment and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF MOORESVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the Town is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF. The Town's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$257,576, \$264,859, and \$260,236, respectively, equal to the required contributions for each year.

Note 7. Subsequent Event - Agreements with HNTB

The Town entered into an agreement with HNTB Corporation on July 21, 2009, in the amount of \$254,000. The Town, subsequently, entered into an agreement amendment with HTNB Corporation on September 15, 2009, in the amount of \$2,066,000. The combined agreements total of \$2,320,000 for preliminary engineering, design engineering services, final design engineering services, bid assistance, construction engineering and resident representative services is part of an estimated project cost of \$16,300,000 for a proposed wastewater treatment plant expansion project.

Note 8. Subsequent Event - Agreement with PERF

The Town entered into an agreement with PERF on March 17, 2009, to purchase service in the 1977 Police and Fire Pension Fund for seven Police officers and seven Firefighters. The amount of \$877,922 is to be paid over five years at an interest rate of 7.25%.

TOWN OF MOORESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 463,460
Infrastructure	13,865,332
Buildings	4,096,417
Improvements other than buildings	99,640
Machinery and equipment	6,280,316
Construction in progress	<u>724,765</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 25,529,930</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 65,119
Construction in progress	165,402
Buildings	415,041
Improvements other than buildings	16,003,372
Machinery and equipment	<u>1,698,238</u>
 Total Wastewater Utility capital assets	 <u>\$ 18,347,172</u>

TOWN OF MOORESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2008 Crown Victoria lease	\$ 82,349	\$ 44,759
2007 Pierce contender pumper lease	288,319	55,722
2008 Fire pickup lease	39,983	15,222
2008 Fire turnout gear	<u>33,803</u>	<u>9,633</u>
Total governmental activities debt	<u>\$ 444,454</u>	<u>\$ 125,336</u>

TOWN OF MOORESVILLE
EXAMINATION RESULTS AND COMMENTS

CREDIT CARDS

In numerous instances, purchases were made without detailed invoices/sales slips attached to the claim.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECONCILIATION OF TOWN COURT TRUST REGISTER (Applies to Town Court)

Posting errors were not discovered in a timely manner because reconcilements were not made between the Town Court Register of Trust subsidiary ledgers and the control account. A similar comment appeared in prior Report B33353.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

CLERK'S TRUST ITEMS OVER FIVE YEARS OLD (Applies to Town Court)

Our review of trust items revealed that numerous items had been on hand for a period of five years or longer. A similar comment appeared in prior Report B33353.

IC 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . . (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under 32-34-3."

TOWN OF MOORESVILLE
EXIT CONFERENCE

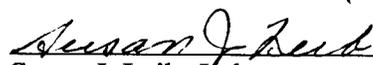
The contents of this report were discussed on October 7, 2009, with Sandra Perry, Clerk-Treasurer; and Mark Harris, President of the Town Council. The officials concurred with our findings.

The contents of this report were discussed on October 7, 2009, with Susan Leib, Judge. The official response has been made a part of this report and may be found on page 12.

In response to the State Board of Accounts' Examination Results and Comments in October 2009 regarding the Town Court of Mooresville, I request that the following be noted after the comments:

The posting errors that were not discovered in a timely manner because reconcilements were not made between the Town Court Register of Trust subsidiary ledgers and the control account occurred prior to my administration.

The Town Court has been working for the past year to turn bonds more than five (5) years old to unclaimed property, but shortly after receiving the requested addresses from the jail, we were informed that that they must be submitted through a new website being set up, and that the website would not be operational until after 10-1-09.



Susan J. Leib, Judge